



Century**Link**

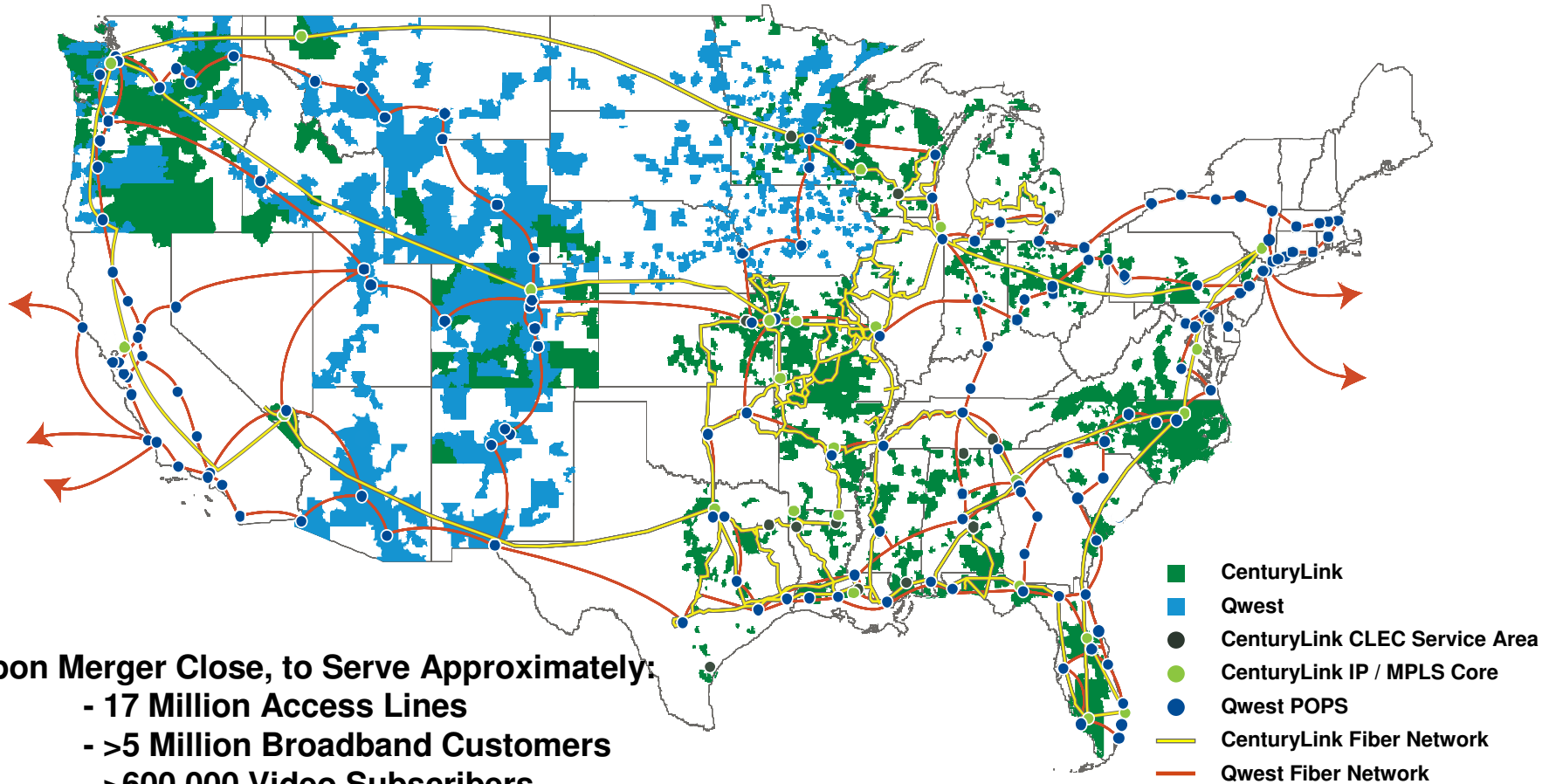
**Pole Attachments:  
Just and Reasonable Rates, Terms, and  
Conditions for All Attachers**

**WC Docket No. 07-245**

# Summary

- CenturyLink's Profile
  - Low density service territory
  - Broadband investment challenge
  - Commitment to broadband deployment
- ILECs lack any meaningful leverage in dealing with electric utilities.
- The Act directs the FCC to offer ILECs "just and reasonable" rates for pole attachments.
- Excessive pole attachment rates discourage broadband deployment, discourage investment in network upgrades, and undermine competition.

# CenturyLink and Qwest: Network Map and Service Territory



**Upon Merger Close, to Serve Approximately:**

- 17 Million Access Lines
- >5 Million Broadband Customers
- >600,000 Video Subscribers
- In 37 States

# Population Density Matters

Low density areas require many more attachments per subscriber.

Unlike competitors, ILECs have COLR obligation to serve all customers.

All ILECs face this problem, but it's particularly acute for a lower density ILEC like CenturyLink.

## Line Density (loops/sq. mile):

AT&T	101
Verizon	155
CenturyLink	24
<b>CenturyLink /Qwest</b>	<b>29</b>

## Service Area (sq. miles):

AT&T	602,391
Verizon	229, 569
CenturyLink	343,922
<b>CenturyLink/Qwest</b>	<b>699,521</b>

# CenturyLink's Real-World Experience

CenturyLink is both a pole owner and an attacher on electric utility poles.

- Upon merger close, CenturyLink/Qwest will have the largest service territory, and among the most pole attachments, in the nation.

CenturyLink has had experience with all manner of attachment relationships.

- Licensing agreements
- Joint ownership arrangements
- Joint use agreements

# Licensing Arrangements

One company owns the poles to which the other, as licensee, attaches.

- Owner controls pole, assignment of attachment space, pole placements, replacements, and removals.
- Make-ready fees always apply.
- Licensee has few administrative or operational rights.
- Pole owner sets terms, rates, and conditions.

Licensing arrangements provide no protection against unreasonable rates, terms, and conditions for ILEC attachers.

# Joint Ownership

ILEC and electric utility each own part of the pole (typically 60/40).

- In theory, companies share costs and maintenance expenses in proportion.
- No rent is exchanged, and no make ready fees are accessed.
- Limited to large urban areas.
- Today, rare in CenturyLink/Qwest service areas.

ELCOs usually prefer full ownership, and too often act as though “jointly-owned” poles all belong to the ELCO.

# Joint Use Agreements

ILEC and ELCO each own their own poles, but allow mutual right to attach to the other's.

- Percentage parity of pole ownership targeted in agreement.
- In theory, each company has rights and control over pole.
- Owner charges the other company rent.
- Sharing of ownership costs and rent revenue depends on parity.

In the real world, joint use agreements give ELCOs largely unfettered power over ILEC attachers.

- Joint use agreements don't provide ILECs competitive "advantages" and cannot justify tolerating higher attachment rates.
- The FCC should not exempt existing attachment agreements from rate review.



# Joint Use Space Allocation

Debate relates to just 3 feet of space on most poles.

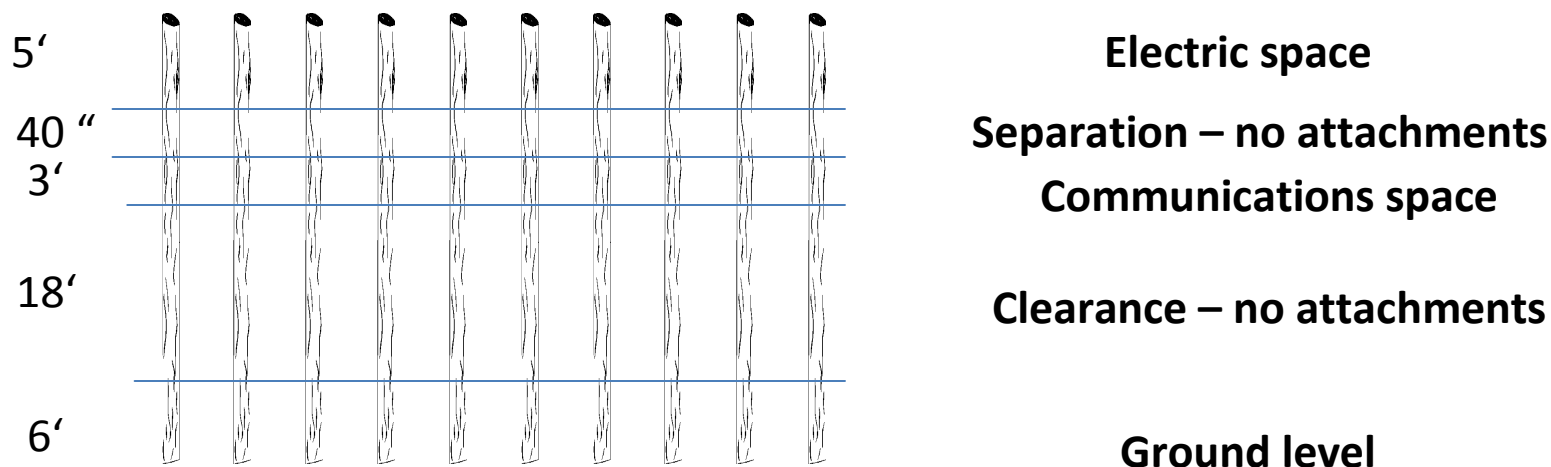
- The “communications” space.
- In the real world, pole agreements compel the ILEC to pay for the entire 3 feet plus shared portion of non usable space and safety zone.
- All other companies attach into the same space.
- ELCO commonly keeps all attachment revenue.
- ELCO commonly moves/lowers ILEC attachments, creating costs and hazards.

# Joint Use Space Allocation

## More issues with joint use of poles.

- ILECs are treated the same as any other attacher when requesting a new attachment.
- ELCOs want the ILEC to pay for pole replacement when the communications space is full, even when the ILEC has only one attachment.
- ILECs don't benefit financially when their 3' of space is sublet to others; instead, ELCOs get double rent on the pole.
- ILECs routinely must pay to remove abandoned third party attachments.

### Space allocation – 35 foot pole



# Joint Use Agreements Benefit Electric Utilities.

Old model is no longer applicable.

- Formerly, ILECs had 3', while ELCOs had 5' to 9'. ILEC space remains 3', but ELCO space increases with pole height.
- Cablecos, CLECs, and other new entrants mean ILECs must share their telco space.
- Agreements assumed parity or consistent ratio of pole ownership. Parity no longer exists, because unlike ELCOs, ILECs don't realize a payback on pole investment.

Today, joint use agreements have become licensing agreements in all but name.

- ELCOs now use far more space, while ILECs use less, but rates don't reflect this.
- ELCOs' pole ownership has risen, while ILEC ownership has declined.
- ELCOs now view poles for revenue generators.
- ELCOs shift replacement costs to ILECs.
- ELCOs impose application, make-ready, and engineering fees on ILECs.
- ILECs cannot count on relief from ELCO abuses at the state level.
- ELCOs treat third party attachment revenue as their own, even for attachments in the ILECs' space.

Joint use agreements have become licensing agreements in all but name.

# FCC Has Authority to Adopt a Uniform Attachment Rate.

- National Broadband Plan recognized that the FCC has statutory authority to regulate pole attachment rates charged to ILECs by electric utilities.
- Section 224(b) gives broad authority to cap pole attachment rates for all broadband providers.
- Section 224 directs the FCC to ensure broadband attachment rates are just and reasonable for all broadband competitors.
- Section 706 further supports the FCC's authority to ensure attachment rates are just and reasonable for all competitors.
- FCC precedent does not preclude the FCC from adopting a low, unified rate for all broadband pole attachments.

# FCC Must Ensure Just and Reasonable Attachment Rates.

The Act calls on FCC to ensure ILECs have access to just and reasonable attachment rates.

- Section 224(b) requires the FCC to ensure attachment “rates, terms, and conditions” charged to “providers of telecommunications service” are “just and reasonable.”
  - “The Commission *shall* prescribe by rule regulations to carry out the provisions of this section.”
  - ILECs are “providers of telecommunications services,” providing service comparable to what cable and CLEC competitors offer.
  - FCC action is long overdue.
- Section 706 requires the FCC to remove barriers to broadband deployment.
  - National Broadband Plan recognized that unreasonable attachment costs are a barrier to broadband investment.
  - Artificially high costs discourage deployment and investment.
  - Lack of parity with other providers undermines competition.

# FCC Should Adopt a Uniform Attachment Rate.

The FCC should establish pole attachment rates that are as low and close to uniform as possible.

- ILECs today pay a rate many times higher than CLEC or cable.
- Electric utilities routinely, and increasingly, impose grossly unreasonable rates and terms.
- A low, unified rate will promote competition by leveling the unfair playing field created by the current regime.
- A low, unified rate cap will promote broadband investment, especially in low density areas.
- A low, unified rate cap will promote affordability and adoption.

Allowing ILECs to bring complaints to the FCC will address ILECs' lack of negotiating power with electric utilities and will reduce abuses.